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United States
Department of
Agriculture

Office of
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and Public Affairs

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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John R. Block before the Council of Presidents of the American Farm Bureau Federation, Washington, D.C., July 8, 1982

I want to thank President Delano for inviting me here today to visit with you. As leaders of your individual state farm bureaus, you represent one of the more prestigious groups of farmers and ranchers that agriculture can put together. I'm honored to be here, and I'm looking forward to an interesting exchange of ideas.

I also recognize that your group represents a broad cross section of our industry. For that reason, it'll be impossible to cover all the subjects that interest you. But maybe we can cover a few during the question and answer session of my presentation.

In the meantime, I believe it's safe to say one general topic—the agricultural economy—has captured all of our thoughts, so I'll concentrate my remarks in that area.

We all know that agriculture is in a valley right now. You've heard about it from your members. . .you've experienced it yourselves. . .and I know what each of you is going through in your respective leadership roles. You are the ones who have to stand tall and encourage your membership to view the future with optimism. And to tell you the truth, I think we've got an awful lot to be optimistic about.

What we all have to remember is that we are headed in the right direction. In a way, it's ironic to be saying this to a group of Farm Bureau leaders. There was no reason why this country had to enter into an economic slump, and no one knows that better than you. It was Farm Bureau, years ago, that saw it coming. It was Farm Bureau that encouraged a balanced federal budget, and it was Farm Bureau that encouraged government to stop its wild spending spree before the inflationary balloon got so big that it would burst.

Well—it happened, and we're dealing with hardships caused by that mismanagement right now. But as I said, we are now headed in the right direction. We're giving tax money back to the people who know how to use it. We're taking the gears out of the big government money

machine, and we're giving responsibility to the people once again. This new policy has already taken care of inflation and I'm certain that, given time, it'll have the same effects on interest rates. But it's going to take time.

Now I'm certain you've all been asked. "How much time is it going to take. Why isn't the recovery program working?"

When you answer that question, remember this. The length of time it takes to recover is not a measurement of how successful our program is. Instead, it's a measurement of how deeply the old program got us into trouble.

What I want to do now is to look at some of the positive aspects in agriculture. I think it's interesting to note that even though we are plagued with some downward pressures, U.S. commodity prices have still strengthened from early this year. Farm prices in May were nearly eight percent above December and within three percent of May 1981.

This is especially true with livestock prices, which have responded to reduced meat supplies. Hog prices in May were up 44 percent from December and 37 percent above a year ago. Fed cattle were 20 percent above December and nearly four percent over last year.

I also see promise with some of our crop prices. Even with the large world supplies, these prices are being supported by increased export activity, poor Soviet weather, good participation in the acreage reduction program and tighter "free" crop supplies. This is due to the movement into our loan program, and also grain entering the farmer-owned reserve.

On the other side, the rate of increase has slowed for input costs. Prices paid in May were up less than three percent from December and four percent above a year ago. Many fuel prices were six percent below December and seven percent below last year.

In other words, the signs are there. The recovery is not coming in an overnight sweepstakes, but I don't believe anyone promised it would happen that way. We've had promises like that before, and we know what happened. Now we're taking the common sense approach that your organization called for years ago. It's working. And most of the credit has to go to the people themselves who are helping make it work.

For example, I was very pleased with the number of farmers who signed up for our 1982 acreage reduction programs. It exceeded all expectations, and early compliance reports have been encouraging.

In 22 winter wheat states, farmers certified about 40 percent of the total wheat base. With higher participation expected in spring wheat areas, final compliance should reach nearly 50 percent. For the other programs, I expect compliance to be 40 to 45 percent in feed grains, 60 to 70 percent in rice and more than 80 percent in cotton.

Let me point out that we never expected the acreage reduction program to be the ultimate cure for the economies of these commodities. Nor did we ever anticipate that these programs would provide a windfall for agriculture. But I can promise that with a strong compliance—we'll be better for it.

Another example of how farmers are showing their willingness to help fight the battle is in our dairy program. This also is ironic. The reason for the problems we have today in our dairy program is because of action taken by Congress in 1977 and 1979. Yet, I fear that it is the dairy industry that is getting the black eye over it.

This should not be. Dairy farmers only did what they should have done. They responded to the signals. The trouble is, Congress was sending the signals. It was that same big-spending Congress that caused so many other problems in our economy.

Well—I'm certain you all know about the situation that it got us into, so we won't have to go into that. We have a plan that I believe will relieve the pressure, and now it's up to Congress to see it through.

Before I take some of your questions, I want to say just a few words about our exports. As you know, this administration has placed export promotion as the top priority in agriculture. There's a good reason for that.

Look at it this way. When we get all of the budget problems straightened out, then we're going to gradually see a decline in interest rates. That means we're near the final steps of recovery. . .and that means world recovery can't be far behind. With world recovery comes exports—perhaps the most tremendous export market we will ever face.

We have to be ready for that. We have to work now to clear up some of our market access problems—and we are doing just that. We have to work now to eliminate unfair trade practices—and we are doing

just that. We have to develop trading relations with potential customers—and we're also doing that. In other words, the export market is where our future is. And we're going to be ready for it.

Again, thank you for inviting me here. I feel at home with you. . .as I always have. We're all headed in the same direction, and we're coming from the same place.

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Remarks prepared for delivery by Secretary of Agriculture John R. Block on Animal Industries Day at Virginia Polytechnic Institute and State University, Blacksburg, Va., July 9, 1982

I want to thank President Lavery of Virginia Tech for inviting me here. I also want to thank you for that very warm welcome. It's a special honor for me to be asked here at a time when Virginia Tech is dedicating its new animal sciences building.

I can appreciate the amount of planning which must have gone into this facility. I know that it just didn't happen. It took many dedicated people a long time to put it all together, and I'm certain that their work will be appreciated for many decades as this facility is put to practical use. You can be assured that the funds which have been put into this building will be multiplied many times over by the contributions it will be making.

The work accomplished here at Virginia Tech and other similar institutions around the country can play a proud role in the success story of American agriculture. During the past 50 years, vast changes have taken place in our industry, changes that were needed to keep up with the increasing demand.

Agricultural research produced a remarkable technology. A new generation of farmers arose, many college trained and armed with knowledge about science, business and international affairs. Farming became a highly specialized business geared to feeding a U.S. population that increased from 122 million in 1929 to more than 229 million today.

This challenge is not stopping today. Looking ahead, in the year 2020—less than 40 years from now and not long in terms of research studies—worldwide population is projected to reach eight billion people. That's eight billion people who will have to be fed and clothed. It's almost 100 percent more than our current world population.

It's ironic that today, while we are talking about food surpluses and recordbreaking crops, we are also looking ahead to one of the greatest challenges for American agriculture. providing enough food and fiber to meet future needs. We have to be prepared for it. That's why it is important that we continue our research, and continue our education. Tomorrow's agriculture must have the necessary tools to get the job done. All of this is exciting to me, and it's equally exciting to see some of the research being conducted right now. Let me give you just a few examples.

Our researchers have created an electronic egg that will be able to detect stress points along the egg-handling assembly line. This should result in less breakage. To put this into perspective, if the use of the electronic egg reduces breakage by only one percent, the industry would save about \$22 million a year.

Other research involves using high-dosage irradiation to sterilize chicken products. This will reduce, or eliminate, the need for refrigeration. And scientists also have vaccinated embryos against disease three days before they hatch. This is the first time that resistance can be established in chicken embryos through vaccination.

Scientists also have shown how beef producers, without increasing inputs, can realize a gain of nearly \$800 million a year nationally. It involves careful control of nutrition and disease through what they call integrated reproduction management.

These are just a few examples of the types of research undertaken today. They are success stories that are taking place throughout the country. In the end, they will all contribute to an even more successful agriculture.

This, of course, is looking into the future. It does not mean that we are turning our heads away from the problems that are at hand. But I think it's important that we put today's problems into the proper perspective, and that perspective must always involve the challenges that we face in the coming decades.

What I want to do now is to look at some of the positive aspects in agriculture. It's interesting to note that even though we have some downward pressures, farm prices in May were nearly eight percent above December. This is especially true with livestock prices. Hog prices in May were up 44 percent from December and 37 percent above a year ago. Fed cattle were 20 percent above December and nearly four percent over last year.

I also see promise with some of our crop prices. Even with the large world supplies, these prices are being supported by increased export activity, poor Soviet weather and good participation in the acreage reduction program.

On the other side, the cost of inputs has slowed. Prices paid in May were up less than three percent from December and four percent above a year ago. May fuel prices were six percent below December and seven percent below last year.

In other words, the signs are there. The recovery is not coming in an overnight sweepstakes, but I don't believe anyone promised that it would. We've had promises like that before, and we know what happened. Now we're taking a common sense approach and it's working. And most of the credit has to go to the farmers who are making it work.

For example, I was very pleased with the number of farmers who signed up for our 1982 acreage reduction programs. Early compliance reports have also been encouraging.

Another example of how farmers are showing their willingness to help fight the battle is in our dairy program. This also is ironic. The reason for the problems we have today in our dairy program is because of action taken by Congress in 1977 and 1979. Yet, I fear that it is the dairy industry that is getting the black eye over it. This should not be.

Dairy farmers only did what they should have done. They responded to the signals. The trouble is, Congress was sending the signals.

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We have to be ready for that. We have to work now to solve some of our market access problems, and we are doing just that. We have to work now to eliminate unfair trade practices, and we are doing just that. We have to develop trading relations with potential customers, and we're also doing that. In other words, the export market is where our future is. And we're going to be ready for it.

We all have our work cut out for us, whether it be in research, education, developing markets or working in agriculture from the grass roots. And when we put all of our efforts together, it's going to work and the rewards will be many.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

1982 MEAT IMPORTS ESTIMATED TO BE BELOW QUOTA

WASHINGTON, July 2—Secretary of Agriculture John Block announced today that the third quarterly estimate of U.S. meat imports for 1982 is below the level that would require restraints on imports under the Meat Import Act of 1979.

Block said, based on estimates of available supplies, imports of beef and certain other meats should total about 1.23 billion pounds—75 million pounds below the 1982 trigger point of 1.3 billion pounds. The 1.23 billion pound third quarterly estimate is slightly higher than the 1.22 billion pounds imported during 1981.

The Meat Import Act requires the president to restrict imports of certain meats—primarily beef and veal—if U.S. Department of Agriculture estimates imports of those meats will equal or exceed 110 percent of a stated level.

"Based on today's estimate, there was no need to impose import restrictions on July 1," Block said.

USDA makes a new estimate of meat imports before each calendar quarter. The fourth quarterly estimate will be made in September and announced on or before the first day of October.

No import restrictions on meat imports were imposed during 1980 or 1981. The first and second quarterly estimates of meat imports for 1982 were announced at 1.21 and 1.18 billion pounds respectively.

Imports of meat subject to the law—by month—are shown in the following table:

Month	1979	1980	1981	1982
	-----million pounds-----			
January	120.9	144.3	79.5	55.5
February	134.2	107.0	109.2	67.5
March	151.5	97.1	90.6	127.9
April	142.4	101.9	107.6	119.2
May	144.6	105.0	81.9	86.0

Month	1979	1980	1981	1982
	-----million pounds-----			
June	139.4	99.5	99.1	---
July	120.7	146.0	112.2	---
August	114.9	123.4	102.1	---
September	84.8	100.5	114.1	---
October	122.5	132.4	122.7	---
November	132.0	104.6	97.3	---
December	155.9	169.3	101.6	---
Total ¹	1,553.8	1,431.0	1,216.8	

¹Totals may not add due to rounding.

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ASSISTANT SECRETARY MCMILLAN TO LEAD TRADE TEAM TO EUROPE

WASHINGTON, July 2—Assistant Secretary of Agriculture for Marketing and Inspection Services C.W. McMillan will lead a trade mission to England, The Netherlands, West Germany and Belgium July 5-16.

"The team, which is made up of government and industry representatives, will tell the European Community the United States is firm in its efforts to maintain and improve access for U.S. agricultural products in the community," McMillan said.

The team will discuss meat and poultry, particularly as they relate to the European Community's third-country directives involving inspection, slaughtering and processing, McMillan said.

"We want to make sure the European Community's directives are reasonable and fair and do not constitute barriers to trade in U.S. meat products," McMillan said. "The U.S. team will also discuss veterinary matters."

The United States exported \$57 million worth of poultry meat and products and \$151 million worth of red meat products to the European Community in fiscal year 1981.

Other team members are: R.E. Anderson, assistant administrator for international trade policy, Foreign Agricultural Service, USDA; John Atwell, deputy administrator for veterinary services, Animal and Plant Health Inspection Service, USDA; Wallace Leary, export coordinator, meat and poultry inspection, Food Safety and Inspection Service, USDA; Sam Washburn, National Cattleman's Association; Scott Chandler, U.S. Meat Export Federation; Gary DeWitt, Poultry and Egg Institute of America; Jack Rundquist, National Pork Producers Council; and Ewen Wilson, American Meat Institute.

#

LAMB AND WOOL PRODUCERS TO VOTE ON PROMOTION PROGRAM EXTENSION

WASHINGTON, July 2—Lamb and wool producers will have an opportunity during an Aug. 16-27 referendum to vote on whether they want the American Sheep Producers Council, Inc., to continue its market promotion and improvement program on their behalf by entering a new agreement with the U.S. Department of Agriculture.

According to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service, the agreement to be voted on is similar to one approved in 1978, except it would authorize larger deductions from producer incentive payments. By approving it, producers would authorize deductions of up to 4 cents per pound on shorn wool and 20 cents per hundredweight on unshorn lambs marketed in 1982. Deduction rates from 1978 through 1981 were 2½ cents and 12½ cents, respectively, he said.

Rank also said the new agreement would provide for USDA to withhold part of any wool incentive payments that might be made to producers on 1983-85 marketings to finance the council's promotion activities.

He said deductions would be used by the council to finance advertising and sales promotion programs for wool and lamb, and programs to develop and disseminate information on product quality, production management and marketing improvement for wool and sheep.

County offices of the Agricultural Stabilization and Conservation Service will distribute copies of the agreement and ballots to sheep producers in early August. Producers may cast their ballots by mailing or delivering them in person to county ASCS offices by the close of the referendum, Rank said. Anyone may vote who has owned sheep six months old or older for at least 30 consecutive days during 1981. Votes may be cast by individuals or by cooperatives. Members of cooperatives which cast votes would not be eligible to vote separately in the referendum. The agreement requires approval by two-thirds of the total volume of producers, or two-third of the total volume of production represented in the referendum.

The National Wool Act of 1954 provides the authority for deductions and for promotion activities. Sheep producers have approved the program in each of the seven referendums held since 1954. In the most recent referendum of 1978, 75 percent of the producers approved of the program.

#

USDA TO TEST NON-FAT DRY MILK DISTRIBUTION TO NEEDY FAMILIES

WASHINGTON, July 6—The U.S. Department of Agriculture today announced plans to test the distribution of non-fat dry milk to needy families in Florida, Minnesota and Washington starting in early September.

Initially USDA will make available up to 11 million pounds (equivalent to nearly 13.8 million gallons of fluid milk) valued at nearly \$12 million for distribution through non-profit organizations. USDA will pattern this test project after the successful cheese distribution program now underway nationwide. An estimated 450,000 needy households in the three states could benefit from the three-month demonstration project.

"This project is in keeping with plans I announced earlier to decrease the massive dairy stocks we have been forced to acquire under the dairy price support program," said Secretary of Agriculture John R. Block.

"This pilot project will help us determine whether non-fat dry milk can be distributed nationwide. A critical issue is the potential impact distributing non-fat dry milk may have on fluid milk consumption. The potential displacement will be carefully studied with data derived from the project."

Block added: "The distribution of surplus dairy products alone won't solve the problem. We badly need for Congress to act on our proposed legislation to bring the dairy program back into line."

The government is currently storing more than one billion pounds of non-fat dry milk in 50-and 100-pound bags. Before distribution, it will be converted to the form that is sold in supermarkets. Once converted it can be used as a beverage or in cooking. It will cost USDA 14 cents per pound to convert and repackage the product.

USDA has been making surplus cheese available for distribution to needy families since last December, with states ordering more than 100 million pounds of cheese.

In May, USDA announced plans to distribute up to 50 million pounds of butter nationwide, starting late this summer. That announcement followed a test project conducted this past February in Waterloo, Iowa.

#

USDA ADOPTS NEW MEAT EXPORT CERTIFICATE

WASHINGTON, July 7—Effective Aug. 9, the U.S. Department of Agriculture will streamline the reporting and paperwork requirements for exporters of meat and poultry products.

Donald L. Houston, administrator of USDA's Food Safety and Inspection Service, said USDA has designed a new form for exporters—"Application for Export Certificate"—Form number MP 130-A. The new form establishes a uniform procedure for obtaining export certificates for meat and poultry products. The application will be reviewed by a meat or poultry inspector prior to issuing an export certificate.

Houston said USDA has also developed a new official export certificate—Form 130—which replaces two existing forms—MP Form 412-3 and MP Form 506—and three of four official marks which identify where the product was inspected and passed for export.

"The meat and poultry inspection regulations require a product intended for export to be inspected for wholesomeness and meet the specific requirements of other countries," Houston said. "Export certificates are required before the product may be shipped to other countries. The new regulations will remove inconsistencies between the regulations for meat inspection and poultry inspection."

USDA proposed changes in export certification procedures in July 1981 and received nine comments, which generally supported the proposal.

Notice of this action is scheduled to be published in the July 9 Federal Register, available in many public libraries.

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USDA EXTENDS COMMENT PERIOD FOR PROPOSED CHANGES ON CLEANUP TIME

WASHINGTON, July 7—The U.S. Department of Agriculture has extended for 30 days—until Aug. 5—the comment period on a proposal dealing with reimbursement for certain tasks performed by meat and poultry inspectors.

Under the proposal, the time USDA meat and poultry inspectors spend for tasks such as knife sharpening, clothes changing and cleanup—up to 15 minutes a day—would be counted as part of the eight-hour inspection day provided to meat and poultry plants at government expense.

USDA was to accept comments on the May 7 proposal until July 6. On June 24, the National Broiler Council asked USDA for additional time to study the proposal and submit comments.

#

NINE ARRESTED ON FOOD STAMP CHARGES IN LOUISIANA

WASHINGTON, July 7—Seven men and two women were arrested in Northern Louisiana on food stamp trafficking charges yesterday after being indicted by a federal grand jury in Alexandria, La.

John V. Graziano, inspector general, U.S. Department of Agriculture, said the charges resulted from investigations by special agents of the Office of Inspector General into violations of the food stamp program. He said the charges against each defendant include felony violations punishable by \$10,000 fine or five years imprisonment.

Those arrested include:

Bilbo Richardson of Bilbo's Taxi Service, Rayville, La.; Raymond Howard, Ray's Grocery, Monroe, La.; Hazel Domico of Hazel's Grocery, Monroe; Cleveland Ford, Jr., of C.F. Grocery, Monroe; Karminder P.S. Dhaliwal, Minit Mart, Monroe; Sam H. Testa, Handy Mart Food Store, Alexandria; Charles Lee Parker, an employee of Handy Mart; Geraldine Murphy, Ideal Foods, Alexandria; and Clarence Franklin, an employee of C & P Super Market, Alexandria.

Several defendants had been involved in previous food stamp violations. Clarence Franklin was convicted in 1981 of buying food stamps from a USDA undercover agent and placed on three years probation. Hazel Domico was removed from the food stamp program in 1980 for fraud and is no longer licensed to accept food stamps, Graziano said. Bilbo Richardson and Karminder P.S. Dhaliwal are not licensed to accept food stamps.

The nine persons bought more than \$8,900 in food stamps for \$5,260 in cash, Graziano said.

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USER FEES BEGIN AUG. 1 FOR PRINTED FARM MARKET REPORTS

WASHINGTON, July 8—Beginning Aug. 1, the U.S. Department of Agriculture will charge for mailed market news reports on farm

commodities to recoup costs of postage, printing, distributing and handling these publications.

"User fees will enable us to maintain the flow of mailed market news reports to the agricultural community and others," said Vern Highley, an official of USDA's Agricultural Marketing Service. "Without these charges, because of budget cuts, we would be forced to discontinue the printing and mailing of market reports."

These user fees will vary depending on the number of pages of each report and frequency of issue, Highley said.

"The reports will still be available free to news media, such as news services, general circulation newspapers and news magazines and broadcast news outlets," Highley said.

Specific commodity areas and local market news offices are:

Dairy reports: Silvio Capponi, chief, Market Information Branch, Dairy Division, AMS, USDA, Washington, D.C. 20250; telephone: (202) 447-7461.

Fruit and vegetable reports: Clay J. Ritter, chief, Market News Branch, Fruit and Vegetable Division, AMS, USDA, Washington, D.C. 20250; (202) 447-2745.

Livestock, meat, and grain reports: James A. Ray, chief, Market News Branch, Livestock, Meat, Grain, and Seed Division, AMS, USDA, Washington, D.C. 20250; (202) 447-6231.

Poultry and egg reports: Raymond S. Wruk, chief, Market News Branch, Poultry Division, AMS, USDA, Washington, D.C. 20250; (202) 447-6911.

Comments on a final rule to implement the user fees for published market reports on dairy products, fruits, vegetables, livestock, meat, grains, poultry and eggs should be sent by Aug. 8 to: Administrator, Agricultural Marketing Service, rm. 3071-S, USDA, Washington, D.C. 20250.

The interim final rule on user fees will be published in the July 8 Federal Register, which is available in many local libraries. A copy of the rule, which includes a schedule of annual fees, may be obtained from the administrator, Agricultural Marketing Service, rm. 3071-S, USDA, Washington, D.C. 20250.

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USDA PROPOSAL WOULD CLARIFY AND EXPAND IMPORTED MEAT REQUIREMENTS

WASHINGTON, July 8—The U.S. Department of Agriculture today proposed to clarify and expand existing USDA programs which provide for random sampling of imported meat for species identification and chemical residue levels. Public comments will be accepted until Sept. 7.

The proposal would bring imported meat inspection regulations—both in the exporting countries and at U.S. ports—in line with amendments to the federal inspection law contained in the 1981 farm bill, said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

"Congress and the administration intend that the inspection standards for sanitation, quality, species verification and residue levels that apply to domestic meat also apply to imported meat," he said.

The proposed regulation would strengthen the public's assurance of safe, wholesome and properly labeled products, Houston said.

The 1981 farm bill amended the Federal Meat Inspection Act by requiring that all imported meat be subject to the same inspection standards as domestic meat, Houston said.

The meat inspection act now requires random sampling and testing at U.S. ports to determine the species of and residue levels in meat imports. It also requires exporting countries to conduct random, USDA-approved residue tests on the internal organs and fat of slaughtered animals.

Comments should be sent to: FSIS Regulations Office, Rm. 2637-S, USDA, Washington, D.C. 20250. Notice of this action will be published in the July 8 Federal Register.

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USDA ADOPTS FINAL RULES FOR LISTING OFFICIAL ESTABLISHMENT NUMBERS

WASHINGTON, July 8—Effective Aug. 6, meat and poultry processors will have increased flexibility in the placement of official establishment numbers on their products.

The U.S. Department of Agriculture assigns the establishment number to help federal and public health officials identify the source of products, said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service. "The new regulation will also make it less confusing for consumers to find the establishment number on the product," he said.

"Current requirements differ considerably for various meat and poultry products," Houston said. "The revision will assure identical, simplified requirements for all processors."

Under the action, meat and poultry operators will have four options for the placement of an official establishment number:

- Within the official inspection mark;
- Outside the inspection mark but elsewhere on the exterior of the container or its labeling—for example, the lid of a can;
- Off the exterior of the container, when a statement of its location is printed contiguous to the official inspection mark—for example, "EST. No. on Metal Clip," or "EST. No. on Pan."
- On an insert label placed under a transparent covering, if clearly visible and legible and accompanied by the prefix "EST."

"Previously, the regulations generally required the establishment number on meat products to be part of the USDA inspection mark which must be on the label," Houston said. "However, poultry regulations permitted the establishment number to be omitted from the inspection mark if it was in close proximity to the inspection mark and clearly visible on the exterior of the container."

On canned products, the meat inspection regulations required the establishment number to be on both the lid of the can and the label, while the poultry regulations allowed the use of the number on either the can lid or the label.

On July 28, 1981, USDA published a proposed regulation to eliminate the inconsistencies between the meat and poultry inspection regulations. USDA received 11 comments on that proposal from meat and poultry processors and trade associations, generally supporting the proposal.

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